



(Registration No. 200201024235 (591898-H))

QUARTERLY REPORT

Condensed Consolidated Statement of Comprehensive Income For the third quarter ended 31 December 2020

Group	Individual Quarter ended		Cumulative Quarter ended	
	Unaudited 31 Dec 2020 RM'000	Unaudited 31 Dec 2019 RM'000	Unaudited 31 Dec 2020 RM'000	Unaudited 31 Dec 2019 RM'000
Revenue	5,751	9,800	24,001	32,606
Material cost	(455)	(912)	(3,584)	(4,891)
Depreciation and amortization	(1,870)	(1,460)	(5,561)	(4,328)
Employee benefits expenses	(6,643)	(5,525)	(17,650)	(16,118)
Other operating expenses	(5,329)	(1,528)	(7,064)	(4,823)
Interest expenses	(151)	(273)	(496)	(523)
Interest income	59	-	128	-
Other income	642	-	2,750	-
Share of results of associates	54	7	141	(32)
Profit before taxation	(7,942)	109	(7,335)	1,985
Tax expense	-	-	-	-
Net (Loss)/Profit for the period	(7,942)	109	(7,335)	1,985
Other comprehensive income:				
Exchange differences on translating foreign operations	139	251	103	307
Total Comprehensive Income	(7,803)	360	(7,233)	2,292
Net (Loss)/Profit attributable to:				
Equity Holders of Company	(7,621)	239	(6,841)	2,299
Non-controlling interest	(321)	(130)	(494)	(314)
	(7,942)	109	(7,335)	1,985
Total comprehensive income attributable to:				
Equity Holders of Company	(7,481)	488	(6,740)	2,603
Non-controlling interest	(322)	(128)	(493)	(311)
	(7,803)	360	(7,233)	2,292
Earnings per ordinary share (sen):				
- Basic	(0.72)	0.03	(0.74)	0.31
- Diluted	-	0.03	-	0.29

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Statement of Financial Position

Group	Unaudited 31 Dec 2020 RM'000	Audited 31 Mar 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,055	1,310
Right-of-Use assets	1,463	2,845
Intangible assets	29,493	26,264
Goodwill on consolidation	252	252
Investment in associates	385	697
	32,648	31,368
Current assets		
Contract assets	26,004	35,958
Trade and other receivables	11,649	17,868
Tax recoverable	3	3
Cash and cash equivalents	17,714	14,758
	55,370	68,587
TOTAL ASSETS	88,018	99,955
EQUITY & LIABILITIES		
Equity and reserves		
Ordinary Shares	101,297	87,619
Preference Shares	10,553	13,976
Reserves	(42,764)	(36,024)
	69,086	65,571
Non-Controlling Interest	87	458
Total Equity	69,173	66,029
Non-current liabilities		
Lease liabilities	402	1,079
	402	1,079
Current liabilities		
Contract liabilities	2,326	1,499
Trade and other payables	7,970	17,341
Borrowings	6,991	12,158
Lease liabilities	1,156	1,849
	18,443	32,847
Total liabilities	18,845	33,926
TOTAL EQUITY AND LIABILITIES	88,018	99,955
Net assets per share (RM)	0.0623	0.0872

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Statement of Changes in Equity
For the period ended 31 Dec 2020
(Unaudited)

Group	Share Capital	Preference Share	Equity Compensation Reserves	Translation Reserves	Accumulated Loss	Total	Non-Controlling Interest	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2020	87,619	13,976	2,235	9,887	(48,146)	65,571	458	66,029
Profit for the period	-	-	-	-	(6,841)	(6,841)	(494)	(7,335)
Foreign Currency Translation	-	-	-	101	-	101	2	103
ESOS lapsed	-	-	(138)	-	138	-	-	-
Capital contribution by non-controlling interests	-	-	-	-	-	-	121	121
Issuance of ordinary shares								
- Exercise of ICPS conversion	3,423	(3,423)	-	-	-	-	-	-
- Additional price paid for ICPS conversion	10,255	-	-	-	-	10,255	-	10,255
At 31 December 2020	101,297	10,553	2,097	9,988	(54,849)	69,086	87	69,173
At 1 April 2019	87,619	-	2,272	9,906	(43,879)	55,918	346	56,264
Profit for the period	-	-	-	-	2,299	2,299	(314)	1,985
Foreign Currency Translation	-	-	-	304	-	304	3	307
At 31 December 2019	87,619	13,976	2,272	10,210	(41,580)	58,521	35	58,556

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Cash Flow Statements

For the period ended 31 Dec 2020

(Unaudited)

Group	Year To Date ended	Year To Date Ended
	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Profit for the period	(7,335)	1,985
Adjustments for :-		
Non-cash items	9,297	4,328
Non-operating items	(155)	1,405
Operating loss before working capital changes	1,807	7,718
Net change in current assets	13,264	(4,187)
Net change in current liabilities	(9,371)	(1,073)
Interest paid	(410)	(377)
Tax paid	-	-
Net cash generated in operating activities	5,290	2,081
Investing activities		
Purchase of property, plant and equipment	(183)	(388)
Interest received	128	-
Capital contribution by non-controlling interests	121	-
Dividend received from associate	452	-
Addition of software development expenditure, net of grant	(6,480)	(6,342)
Net cash generated in investing activities	(5,962)	(6,730)
Financing activities		
Proceeds from conversion of ICPS	10,255	-
Payment of lease liabilities	(1,455)	(1,476)
Proceeds/(Repayment) of short term borrowing, net	(5,167)	1,471
Net cash generated/(use) in financing activities	3,633	(5)
Net changes in cash and cash equivalents	2,961	(4,654)
Cash and cash equivalents at beginning of financial year	14,758	6,344
Effect of exchange rate changes on opening balance	(5)	61
Cash and cash equivalents at end of the financial period	17,714	1,751
Cash and cash equivalents at end of financial period comprise of:		
Cash and bank balance	17,714	1,751

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.



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Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of Preparation.

The interim financial report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market. The interim financial report should also be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2020.

A2. Adoption of Revised Financial Reporting

The significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those of the audited financial statements for the year ended 31 March 2020. The Group has adopted all the new and revised MFRS and IC interpretations that are relevant and effective for the accounting period beginning on or after 1 April 2019. The adoption of these new and revised MFRSs and IC interpretations have not resulted in any material impact on the financial statements of the Group.

The Group has not elected for early adoption of the relevant new and revised MFRSs, amendments to MFRSs and Interpretations which have been issued but not yet effective until future periods. The adoption of these Standards when they become effective is not expected to have a material impact on the financial statements of the Group.

The following Standards were issued but not yet effective and have not been adopted by the Group:

MFRSs and IC Interpretations (Including The Consequential Amendments Effective Date)

Amendments to MFRS 3: Definition of a Business (1 Jan 2020)

Amendments to MFRS 101 and MFRS 108: Definition of a Material (1 Jan 2020)

Amendments to MFRS 9, MFRS 139 and MFRS 7 - Interest Rate Benchmark Reform (1 Jan 2020)

Amendment to MFRS 16 Leases - Covid-19 - Related Concessions (1 Jun 2021)

MFRS 17 Insurance Contracts (1 Jan 2021)

A3. Auditors’ Report on Preceding Annual Financial Statements

The audit report of the preceding annual financial statements was not subject to any qualification.

A4. Comments about Seasonal or Cyclical Factors

The business of the Group is not affected by any significant seasonal or cyclical factors.

A5. Unusual Items Due to their Nature, Size or Incidence

There were no unusual items during the quarter.

A6. Changes in Estimates

There are no changes in the estimates of amount reported that have material effect in the current quarter.

A7. Debt and Equity Securities

Other than as disclosed in note B10, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

A8. Dividend Paid

No dividend was paid during the quarter under review.



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A9. Capital Commitments

No material capital commitments were approved and contracted for as at 31st December 2020.

A10. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment.

A11. Subsequent Events

There were no material events between 1st January 2021 and 25th March 2021 that would be required to be reflected in the financial statement for the quarter ended 31st December 2020.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A13. Changes in Contingent Liabilities

	31 Dec 2020 RM'000
Guarantees given by the Company for credit facilities granted to subsidiaries	6,991 =====

A14. Significant Related Party Transaction

The Group has no related party transactions which would have material impact on the financial position and business of the Group during the current quarter under review.



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A15. Segmental Information

<i>RM'000</i>	<i>Malaysia</i>	<i>Overseas</i>	<i>Elimination</i>	<i>Consolidated</i>
<i>2020</i>				
Revenue				
- External	3,852	20,149	-	24,001
- Internal	-	6,035	(6,035)	-
Total Revenue	3,852	26,184	(6,035)	24,001
Result				
- Segment Result	523	(7,631)	-	(7,108)
- Share of associate result	-	141	-	141
- Interest income	128	-	-	128
- Interest expense	(13)	(483)	-	(496)
Profit/(loss) before tax	638	(7,973)	-	(7,335)
Tax	-	-	-	-
Profit/(loss) after tax	638	(7,973)	-	(7,335)
Segment assets	46,057	71,134	(29,173)	88,018
Segment liabilities	1,390	17,455	-	18,845
Other information				
- Capital Expenditure	6	177	-	183
- Depreciation and amortization	196	5,365	-	5,561

<i>RM'000</i>	<i>Malaysia</i>	<i>Overseas</i>	<i>Elimination</i>	<i>Consolidated</i>
<i>2019</i>				
Revenue				
- External	7,238	25,368	-	32,606
- Internal	-	5,820	(5,820)	-
Total Revenue	7,238	31,188	(5,280)	32,606
Result				
- Segment Result	1,808	732	-	2,539
- Share of associate result	-	(32)	-	(32)
- Interest income	-	-	-	-
- Interest expense	(93)	(430)	-	(523)
Profit/(loss) before gain on disposal	1,715	270	-	1,985
Gain on disposal	-	-	-	-
Profit/(loss) before tax	1,715	270	-	1,985
Tax	-	-	-	-
Profit/(loss) after tax	1,715	270	-	1,985
Segment assets	24,197	91,497	(29,377)	86,316
Segment liabilities	2,411	25,348	-	27,759
Other information				
- Capital Expenditure	174	214	-	388
- Depreciation and amortization	118	4,211	-	4,328



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Part B – Additional Information required by Bursa Malaysia Securities Berhad’s Listing Requirements

B1. Performance Review

Current Quarter vs Previous Year Corresponding Quarter

For the current quarter under review, the Group recorded revenue of approximately RM5.8 million which was lower than the revenue of approximately RM9.8 million achieved for the preceding year’s corresponding quarter period ended 31 Decemver 2019. The decrease was mainly due to the COVID-19 pandemic situation which caused workforce disruption that led to delays in project milestones and delivery schedules. Profitability was also negatively impacted by the COVID-19 situation as higher impairment for reciveables of approximately RM3.7 million was made during the current quarter under review due to the weak business environment. Accordingly, the Group registered a loss before taxation of RM7.9 million in the current quarter as compared to the profit before taxation of approximately RM 0.1 million for the preceding year’s corresponding quarter.

Current Year-to-date vs Previous Year-to-date

For the 9 months ended 31 December 2020, the Group recorded revenue of RM24.0 million, representing an approximately 26% decrease as compared to the revenue for the 9 months period ended 31 December 2019 of RM32.6 million. The Group recorded a loss before taxation of approximately RM7.3 million as compared to a profit before taxation of approximately RM2.0 million recorded for the preceding year’s corresponding period. Both the revenue and profitability was negatively impacted by the COVID-19 panedmic situation which caused workforce disruption that led to delays in project milestones and delivery schedules. The weak business environment arising from the pandemic also led to higher impairment for receivables, though the Group was able to offset its operating cost by government wage subsidies received during the period.

B2. Variation of Results against the Preceding Quarter

	Current Quarter 31 Dec 2020 RM’000	Preceding Quarter 30 Sep 2020 RM’000	Difference (%)
Continuing Operations			
Revenue	5,751	9,025	-36%
(Loss)/profit before taxation	(7,942)	71	N.M.

The Group was impacted negatively by the COVID-19 situation which caused worforce disruption. Accordingly, the Group recorded revenue of approximately RM5.8 million in the current quarter, which was approximately 36% lower than that recorded in the preceding quarter ended 30 September 2020 of RM 9.0 million. The Group also recorded a loss before taxation for the current quarter under review due to the lower revenue recorded and higher impairment for reciveables of approximately RM3.7 million.

The Group’s order book amounted to approximately RM79 million as at 31 December 2020 as compared to approximately RM80 million as at the end of immediate preceding quarter.

B3. Prospect

The evolving COVID-19 outbreak and the measures undertaken by the various countries to restrict the movement of people will adversely affect business sentiments and operation. Admidst an unprecedent global pandemic and disruption to the economies, the Group expect the outlook for the next 12 months to be challenging. The Group will continue to undertake cautious measures, focus on cash flow management and our project delivery while embarking on efforts to diversify our product offerings to the changing markets.



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B4. Profit Forecast and Profit Guarantee

The Group has not issued any profit forecast or profit guarantee.

B5. Dividend

No dividend has been recommended for the quarter under review.

B6. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Group.

B7. Notes to Condensed Consolidated Statement of Comprehensive Income

Operating profit is arrived at after charging/(crediting) the following items:

	Individual Quarter ended 31 Dec 2020 RM'000	Cumulative Quarter ended 31 Dec 2020 RM'000
i) Depreciation and amortization	1,870	5,561
ii) Foreign exchange (gain)/loss	385	678
iii) Provision for and write off of receivables	3,736	3,736
iv) Provision for and write off of contract assets	-	-
v) Goodwill impairment	-	-
vi) Impairment of intangible asset	-	-
vii) Exceptional items	-	-

B8. Taxation from continuing operation

	Individual quarter ended		Cumulative quarter ended	
	31 Dec 2020 RM'000	31 Dec 2019 RM'000	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Current taxation charge	-	-	-	-
Under provision in prior year tax	-	-	-	-
	-----	-----	-----	-----
Tax expenses (charge)/write back	-	-	-	-
	=====	=====	=====	=====

Net deferred tax assets in respect of unutilized tax losses and development expenditure capitalized have not been recognized because of uncertainty that future taxable profits will be available against which the Company and its subsidiaries can utilize the benefits.



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B9. Group Borrowings and Debt Securities

The total borrowings of the Group as at 31 December 2020 are as follows:

	RM'000
Payable within 12 months	
<i>Term Loans</i>	6,991
	=====

The term loan was secured by corporate guarantee by the Company.

B10. Status of Corporate Proposals

(a) Employee Share Option Scheme ("ESOS")

At an extraordinary general meeting on 27 August 2015, the Company's shareholders approved the establishment of a ten (10) year ESOS of up to thirty percent (30%) of the issued and paid-up capital of the Company. Set out below are the details of options over the ordinary shares of the Company under the ESOS:-

<u>Number of options over ordinary shares of RM0.10</u>						As at
<u>Option</u> <u>Grant date</u>	<u>Option</u> <u>Expiry date</u>	<u>Exercise price</u>	Granted	Exercised	Forfeited	31.12.20
02.6.2016	17.11.2025	RM 0.0728	15,000,000	-	(10,500,000)	4,500,000
02.5.2018	17.11.2025	RM 0.0656	23,000,000	-	(49,979)	22,950,021
30.8.2018	17.11.2025	RM 0.1238	25,300,000	-	(20,300,000)	5,000,000

Number of options exercisable as at 31 December 2020 is 32,450,021.

(b) Irredeemable convertible preference shares

On 25th November 2019, the Company announced that it proposed to undertake the following:

- (i) proposed renounceable rights issue of up to 2,095,106,469 new irredeemable convertible preference shares in the Company ("ICPS") ("Rights ICPS") at the issue price of RM0.01 per Rights ICPS on the basis of 8 Rights ICPS for every 3 existing ordinary shares in the Company held on an entitlement date to be determined later ("Proposed Rights Issue"),
- (ii) proposed placement of 420,000,000 new ICPS ("Placement ICPS") to Stone Villa Limited at the issue price of RM0.01 per Placement ICPS ("Proposed Placement") and
- (iii) proposed amendments to Constitution of the Company to facilitate the issuance of the ICPS ("Proposed Amendments"). (Collectively known as "Proposals")

The shareholders of the Company had approved the Proposals at an extraordinary general meeting held on 17 Jan 2020. The above Proposals were completed on 26 March 2020 following the listing of and quotation for 1,397,552,400 ICPS on the ACE Market of Bursa Securities.

The status of utilization of proceeds raised from the above Proposals as at 31 December 2020 are as follows:-

Purpose	Amount raised (RM'000)	Amount utilized (RM'000)
Repayment of Borrowings	7,500	7,500
Operating and capital expenditures for secured IT Contracts	2,776	2,821
Overseas expansion of FORNAX Systems	3,000	-
Professional fee related to the above Proposals	700	655
Total	13,976	10,976



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B11. Earning Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31 Dec 2020	Preceding year corresponding quarter 31 Dec 2019	Current year to date 31 Dec 2020	Preceding year corresponding period 31 Dec 2019
(a) Basic earnings/(loss) per share				
Net profit/(loss) attributable to shareholders (RM'000)	(7,621)	239	(6,841)	2,299
Weighted average number of ordinary shares ('000)	1,058,166	751,565	925,385	751,565
Basic earnings per share (sen)	(0.72)	0.03	(0.74)	0.31
(b) Diluted earnings per share				
Net (loss)/profit attributable to shareholders (RM'000)	(7,621)	239	(6,841)	2,299
Weighted average number of ordinary shares ('000)	1,058,166	751,565	925,385	751,565
Effect of dilution on stock options & ICPS ('000)	297,933	34,100	297,933	34,100
Adjusted weighted average number of ordinary shares in issues (diluted) ('000)	1,356,099	785,665	1,223,318	785,665
Diluted earnings per share (sen)	N.M.	0.03	N.M.	0.29

N.M.: Diluted earning per share was not calculated as the outstanding ESOS options were considered to be anti-dilutive

By the Order of the Board

Tan Kean Wai (MAICSA 7056310)
Company Secretary
Kuala Lumpur

25th March 2021